



SHOULD-COST TEMPLATE

Should Cost Presentation Template

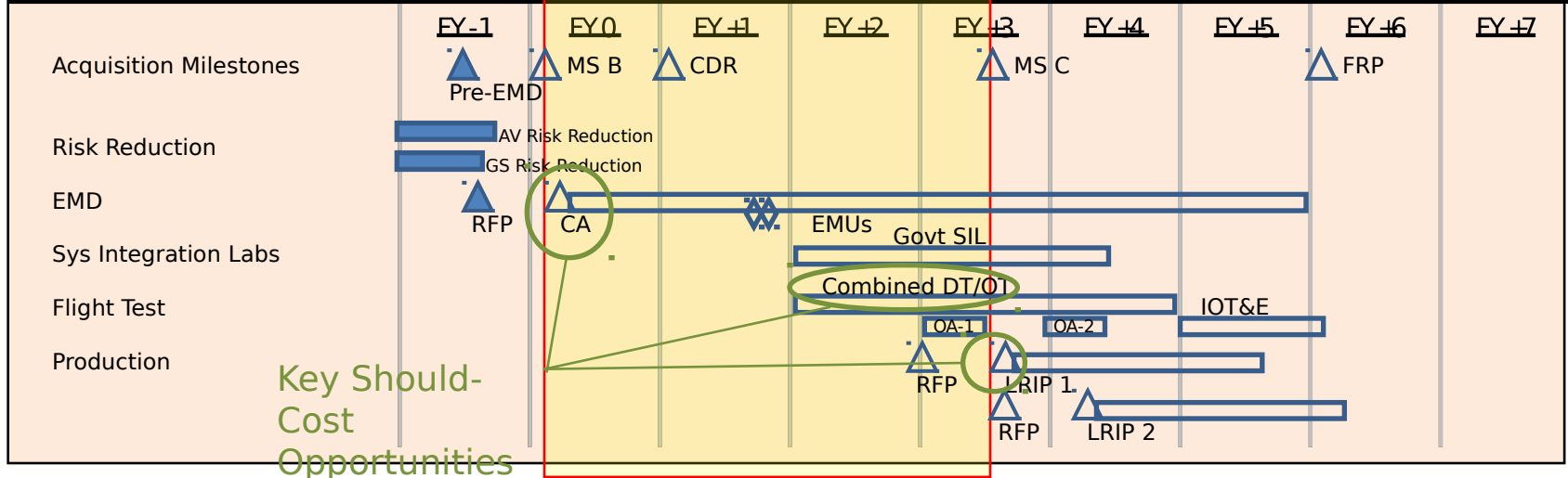
- *The Program's "should cost" is the set of program's initiatives or opportunities to reduce costs below the Independent Cost Estimate (ICE) level. It is primarily the basis for a negotiating position and result for pending contracts that will be below the ICE, but it also includes measures taken to reduce cost beyond near term contract actions.*
- *See AT&L guidance memos on developing should-cost positions*
(<https://portal.acq.osd.mil/portal/server.pt?open=17&objID=106417&mode=2&cached=true>):
 - "Better Buying Power: Guidance for Obtaining Greater Efficiency and Productivity in Defense Spending," September 14, 2010
 - "Implementation Directive for Better Buying Power – Obtaining Greater Efficiency and Productivity in Defense Spending," November 3, 2010
 - "Implementation of Will-Cost and Should-Cost Management," April 22, 2011
 - "Should-Cost and Affordability," August 24, 2011
- *The following charts provide a notional guide for presenting a summary of a program's "should cost" plans and estimates for various program activities; see slide notes pages for key points and tailor format as appropriate to suit the particular initiatives of program.*

Program Should-Cost Summary

Example

Highlight phase being entered

\$M	Prior	FY 0	FY +1	FY +2	FY +3	FY +4	FY +5	To Comp	Total
Total Acq Will Cost (ICE)	200.0	45.0	50.0	62.0	85.0	70.0	57.0	110.0	679.0
EMD Costs (ICE)		40.0	25.0	15.0	15.0	10.0			105.0
EMD Should-Cost Estimates		32.0	20.0	12.8	13.0	9.0			86.8
Production Costs (ICE)			20.0	32.0	55.0	55.0	42.0	70.0	274.0
Production Should-Cost Est.			20.0	30.0	50.0	45.0	32.0	50.0	227.0
Ops & Support Costs (ICE)				10.0	10.0	10.0	10.0	30.0	70.0
Ops & Support Should-Cost Est.				10.0	10.0	5.0	5.0	15.0	45.0
Other Costs (ICE)	200.0	5.0	5.0	5.0	5.0	5.0	5.0	10.0	240.0
Other Should Cost Estimates		4.0	4.0	4.0	4.0	4.0	4.0	8.0	32.0
Total Should Cost Estimate	200.0	36.0	44.0	56.8	77.0	63.0	41.0	73.0	590.8
Net Should Cost Savings		9.0	6.0	5.2	8.0	17.0	16.0	37.0	98.2
Actuals/New Estimate	200.0	36.0	44.0	56.8	77.0	63.0	41.0	73.0	590.8



Program Should-Cost Summary Example

Should Cost Initiatives:

☐ **EMD**

- **Initiative 1:** Short description and basis for Should-Cost Estimate savings
- **Initiative 2:** Short description and basis for Should-Cost Estimate savings
- **Initiative 3:** Short description and basis for Should-Cost Estimate savings

☐ **Production & Deployment (notional)**

- **Initiative 1**
- **Initiative 2**

☐ **Operations and Support (notional)**

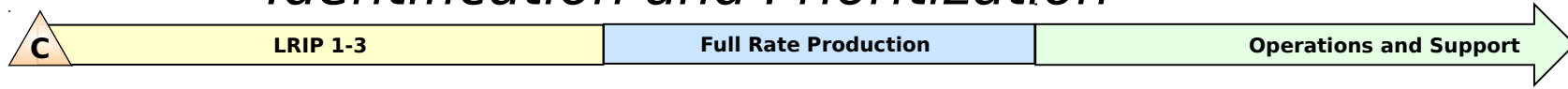
- **Initiative 1**

☐ **Other**

- **Initiative 1**

P-8A Should Cost Opportunities Map

Identification and Prioritization



Event	LRIP 1 & Prior	LRIP 2		LRIP 3	FRP RFP		FRP Proposal	Correction of Deficiencies			
Item	FY07-11	11-Aug	FY12	Negotiation 12-Feb	12-Feb	FY13	13-Apr	3QFY13	FY14-15	FY16-17	FY18-19
Acquisition Strategy, Business Focus, & Supplier Management	Utilize commercial production line	Leveraged multi-contract buys (India)	Redefine supplier engagement strategy	Compete Avial commercial common spares	Incentivize with FPIF contract type (risk sharing)	SE/PM reduction	Eliminate Proposal prep with priced options		Multiyear Buy	Compete scheduled Depot Rqmts	Compete follow-on INC requirements
	Implement Hi-fidelity training system WTTs	Boeing cable bundle competition	Implement LORA based support strategies	Navy/Boeing joint supplier negotiations	CFE to GFE ARC 210	Implement Supplier risk sharing opportunities	GFE Break-Out opportunities		O&S Fleet Support Team Management Strategy	O&S consolidated Q/DIM maintenance	INC3 installation Acq Strategy
	Boeing make to buy radar cabinets	Boeing make to buy tail cones	Change Org Mod TSA from CFI to GFI	Boeing pursue NGC IDIQ-EWSP EOO	CDRL/SDRL Reduction	Invasive Boeing supplier mngt	CAR/PAR submission strategy		CFE to GFE EWSP		
	SDRL Reduction	Boeing make to buy power equipment cabinets	Compete Training Systems OFT	SE/PM reduction	Alternate Mission Equipment Kits Options	Defining Data Rights Strategy			CDRL/SDRL Reduction		
		SDRL Reduction	Consolidate maintenance data bases	EA-18 Test Bench (NG) use	COTS impact on gov't rqmt for CAR/PAR	Incentive strategy to encourage SC behavior			R&M based a/c inspection cycle		
Technical Requirements (Eng, Test, & Software)	Implement Common P-3 Acoustics Technology CFM56 Engine upgrades	Rqmt Change - Aux High Deletion	Rqmt change - Leverage P-81 to qualify Harpoon	J BOD Option (media reduction)	Centerline Pylons Qty Reduction	INC2 Leverage Mature Systems	Optimize Qual and Inspection requirements	Affordability based VCDs	INC3 Leverage Mature Systems		INC3 Open Systems Architecture
			Incorporate 1000 lbs vice 500 lbs Wpn Bay test		Wing BRUs Qty Reduction	Design for affordability (Bailout Door)			Design for affordability (INC3)		Design for affordability (follow-on INC)
			Concurrent SDD & INC2 MACSW design			Design for affordability (INC2)			Implement Joint Gov't & Boeing SSA		
Manufacturing	Group 0 PRRs Expand In-line production	Group 2 PRRs Work shift to more efficient facility	Group 1 PRRs Expand In-line Production (efficiency)		Group 3 PRRs Expand In-line Production (efficiency)	Demonstrated workflow optimization	Leverage any commercial derived efficiencies	VCD production line cut-in	Group 4 PRRs Optimize In-line production		
						Optimize Learning Curve			Annex B Production Line cut-in		
						INC2 production line cut-in					

One slide for each major S-C initiative in EMD phase

EMD Should-Cost Estimate Example

\$M	FY 0	FY +1	FY +2	FY +3	Total All Years
Total Acq Will Cost (ICE for program)	45.0	50.0	62.0	85.0	679.0
Will Cost (ICE)	40.0	25.0	15.0	15.0	105.0
Should Cost	32.0	20.0	12.8	13.0	86.8
Delta as % of Total Will Cost	18%	10%	4%	2%	3%
Actual Costs / New Estimates	33.0	21.0	TBD	TBD	TBD

Initiative Name:

☐ **Short Narrative Description of Basis for Should Cost Estimates: (List reasons should cost estimate is below will cost, with dollar impact)**

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-

☐ **Adjustments and Impacts to Spend Plan**

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-

☐ **Contract Implications**

- Incentive/fee structure, timing of evaluations & savings realized

-

☐ **Risks**

- List risks to achieving these savings

-

Key Events/Schedule (Plan):

☐ **Event and Target Date**

- Short description

-

☐ **Event and Target Date**

- Short description

-

☐ **Event and Target Date**

- Short description

-

☐ **Event and Target Date**

- Short description

-

Progress Update/Results:

☐ **Key events accomplished / not accomplished / reason**

-
-
-
-

One slide for each major S-C initiative in Production phase

Production Should-Cost Estimate Example

\$M	FY 0	FY +1	FY +2	FY +3	Total All Years
Total Acq Will Cost (ICE for program)	45.0	50.0	62.0	85.0	679.0
Will Cost (ICE)	0.0	20.0	32.0	55.0	274.0
Should Cost	0.0	20.0	30.0	50.0	227.0
Delta as % of Total Will Cost	0%	0%	3%	6%	7%
Actual Costs / New Estimates	TBD	TBD	TBD	TBD	TBD

Initiative Name:

☐ **Short Narrative Description of Basis for Should Cost Estimates: (List reasons should cost estimate is below will cost, with dollar impact)**

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-

☐ **Adjustments and Impacts to Spend Plan**

-
-

☐ **Contract Implications**

- Incentive/fee structure, timing of evaluations & savings realized
-

☐ **Risks**

- List risks to achieving these savings
-

Key Events/Schedule (Plan):

☐ **Event and Target Date**

- Short description
-

☐ **Event and Target Date**

- Short description
-

☐ **Event and Target Date**

- Short description
-

☐ **Event and Target Date**

- Short description
-

Progress Update/Results:

☐ **Key events accomplished / not accomplished / reason**

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-
-

One slide for each major S-C initiative in Sustainment

Ops & Support Should-Cost Estimate Example

phase \$M	FY 0	FY +1	FY +2	FY +3	Total All Years
Total Acq Will Cost (ICE for program)	45.0	50.0	62.0	85.0	679.0
Will Cost (ICE)	0.0	0.0	10.0	10.0	70.0
Should Cost	0.0	0.0	10.0	10.0	45.0
Delta as % of Total Will Cost	0%	0%	0%	0%	4%
Actual Costs / New Estimates	TBD	TBD	TBD	TBD	TBD

Initiative Name :

☐ **Short Narrative Description of Basis for Should Cost Estimates: (List reasons should cost estimate is below will cost, with dollar impact)**

-
-

☐ **Adjustments and Impacts to Spend Plan**

-
-

☐ **Contract Implications**

- Incentive/fee structure, timing of evaluations & savings realized
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☐ **Risks**

- List risks to achieving these savings
-

Key Events/Schedule (Plan):

☐ **Event and Target Date**

- Short description
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- Short description
-

☐ **Event and Target Date**

- Short description
-

☐ **Event and Target Date**

- Short description
-

Progress Update/Results:

☐ **Key events accomplished / not accomplished / reason**

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-
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Other Cost Savings Initiatives

(List other steps the program is taking to reduce total government will cost, with dollar impact)